

**ARIZONA CORPORATION COMMISSION**  
**UTILITIES DIVISION**

ANNUAL REPORT MAILING LABEL - MAKE CHANGES AS NECESSARY

W-01557A  
Lake Verde Water Company  
P. O. Box 2777  
Camp Verde, AZ 86322

RECEIVED

FEB 12 2007  
AZ CORPORATION COMMISSION  
DIRECTOR OF UTILITIES

**ANNUAL REPORT**

FOR YEAR ENDING

12	31	2004
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FOR COMMISSION USE  
ANN04 04

entered  
2-12-07 RF

COMPANY INFORMATION

Company Name (Business Name) <u>LAKE VERDE WATER COMPANY, INC</u>		
Mailing Address <u>P.O. BOX 2777</u>		
<u>CAMP VERDE</u> (City)	<u>AZ</u> (State)	<u>86322</u> (Zip)
<u>928-567-9141</u> Telephone No. (Include Area Code)	<u>928-567-4387</u> Fax No. (Include Area Code)	<u>928-821-1095</u> Pager/Cell No. (Include Area Code)
Email Address <u>VANCHERZYCREEK@EARTHLINK.NET</u>		
Local Office Mailing Address <u>P.O. BOX 2777</u>		
<u>CAMP VERDE</u> (City)	<u>AZ</u> (State)	<u>86322</u> (Zip)
<u>928-567-9141</u> Local Office Telephone No. (Include Area Code)	<u>928-567-4387</u> Fax No. (Include Area Code)	<u>928-821-1095</u> Pager/Cell No. (Include Area Code)
Email Address <u>VANCHERZYCREEK@EARTHLINK.NET</u>		

MANAGEMENT INFORMATION

Management Contact: <u>VAN MCDONALD</u> <u>PRESIDENT</u>		
<u>143 WALKER RD</u> (Street)	<u>CAMP VERDE</u> (City)	<u>AZ 86322</u> (State) (Zip)
<u>928-567-9141</u> Telephone No. (Include Area Code)	<u>928-567-4387</u> Fax No. (Include Area Code)	<u>928-821-1095</u> Pager/Cell No. (Include Area Code)
Email Address <u>VANCHERZYCREEK@EARTHLINK.NET</u>		
On Site Manager: <u>VAN MCDONALD (CAMP VERDE)</u>		
<u>P.O. BOX 2777</u> (Street)	<u>CAMP VERDE</u> (City)	<u>AZ 86322</u> (State) (Zip)
<u>928-567-9141</u> Telephone No. (Include Area Code)	<u>928-567-4387</u> Fax No. (Include Area Code)	<u>928-821-1095</u> Pager/Cell No. (Include Area Code)
Email Address <u>VANCHERZYCREEK@EARTHLINK.NET</u>		

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: <u>VAN McDONALD</u>			
(Name)			
<u>143 WALKER RD.</u>	<u>CAMP Verde</u>	<u>AZ</u>	<u>86322</u>
(Street)	(City)	(State)	(Zip)
<u>928-567-9141</u>	<u>928-567-4387</u>	<u>928-821-1035</u>	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Attorney: <u>FENNEMORE CRAIG (JAY SHAPIRO ESQ)</u>			
(Name)			
<u>3003 N. CENTRAL AVE,</u>	<u>SUITE 2600</u>	<u>PHX AZ</u>	<u>85012</u>
(Street)	(City)	(State)	(Zip)
<u>602-916-5000</u>	<u>602-916-5999</u>		
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

### OWNERSHIP INFORMATION

Check the following box that applies to your company:

- |   |   |
|---|---|
| <input type="checkbox"/> Sole Proprietor (S)    | <input type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P)        | <input checked="" type="checkbox"/> Subchapter S Corporation (Z)          |
| <input type="checkbox"/> Bankruptcy (B)         | <input type="checkbox"/> Association/Co-op (A)                            |
| <input type="checkbox"/> Receivership (R)       | <input type="checkbox"/> Limited Liability Company                        |
| <input type="checkbox"/> Other (Describe) _____ |   |

### COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- |                                     |   |                                   |
|-------------------------------------|---|-----------------------------------|
| <input type="checkbox"/> APACHE     | <input type="checkbox"/> COCHISE            | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA       | <input type="checkbox"/> GRAHAM             | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ     | <input type="checkbox"/> MARICOPA           | <input type="checkbox"/> MOHAVE   |
| <input type="checkbox"/> NAVAJO     | <input type="checkbox"/> PIMA               | <input type="checkbox"/> PINAL    |
| <input type="checkbox"/> SANTA CRUZ | <input checked="" type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA     |
| <input type="checkbox"/> STATEWIDE  |   |                                   |

COMPANY NAME LAKE VERDE WATER CO. INC.

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	7,590	5,663	1,927
302	Franchises			
303	Land and Land Rights	19,000	0	19,000
304	Structures and Improvements			
307	Wells and Springs	5,016	613	3,590
311	Pumping Equipment	13,298	3,264	10,034
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes			
331	Transmission and Distribution Mains	19,032	3,179	15,853
333	Services			
334	Meters and Meter Installations	955	811	144
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	380	254	126
341	Transportation Equipment	1925	1925	0
343	Tools, Shop and Garage Equipment	1894	1261	633
344	Laboratory Equipment			
345	Power Operated Equipment	1263	1263	0
346	Communication Equipment	461	461	0
347	Miscellaneous Equipment	312	312	0
348	Other Tangible Plant			
	TOTALS	62,126	19,066	42,307

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME LAKE VERDE WATER CO. INC.

**CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR**

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	7590	.54	
302	Franchises			
303	Land and Land Rights	10,000	0	0
304	Structures and Improvements			
307	Wells and Springs	5016	.05	251
311	Pumping Equipment	13,258	.05	665
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes			
331	Transmission and Distribution Mains	19,032	.05	
333	Services			
334	Meters and Meter Installations	955	.05	
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	380	.86	326
341	Transportation Equipment	1925	.2	385
343	Tools, Shop and Garage Equipment	1894	.86	1623
344	Laboratory Equipment			
345	Power Operated Equipment	1263	-	1263
346	Communication Equipment	461	-	461
347	Miscellaneous Equipment	312	-	312
348	Other Tangible Plant			
	TOTALS	62,126		5,286

This amount goes on the Comparative Statement of Income and Expense  
Acct. No. 403.

COMPANY NAME LAKE VERDE WATER CO. INC

BALANCE SHEET

Acct No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>CURRENT AND ACCRUED ASSETS</b>		
131	Cash	\$ 310	\$ 716
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable		
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets	47,500	47,500
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	\$ 47,810	\$ 48,216
	<b>FIXED ASSETS</b>		
101	Utility Plant in Service	\$ 60,090	\$ 42,307
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation - Utility Plant	12,429	19,066
121	Non-Utility Property		
122	Accumulated Depreciation - Non Utility		
	<b>TOTAL FIXED ASSETS</b>	\$ 47,661	\$ 23,241
	<b>TOTAL ASSETS</b>	\$ 95,471	\$ 71,390

NOTE: The Assets on this page should be equal to Total Liabilities and Capital on the following page.

COMPANY NAME LAKE VERDE WATER CO. INC

**BALANCE SHEET (CONTINUED)**

Acct. No.	LIABILITIES	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>CURRENT LIABILITIES</b>		
231	Accounts Payable	\$	\$
232	Notes Payable (Current Portion) CASH LOANS		2,768.74
234	Notes/Accounts Payable to Associated Companies	5306	6400
235	Customer Deposits		
236	Accrued Taxes EST.		2,300
237	Accrued Interest 10 % ON LOANS		916.87
241	Miscellaneous Current and Accrued Liabilities		
	<b>TOTAL CURRENT LIABILITIES</b>	\$ 5,306	\$12,385.61
	<b>LONG-TERM DEBT (Over 12 Months)</b>		
224	Long-Term Notes and Bonds	\$	\$
	<b>DEFERRED CREDITS</b>		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	<b>TOTAL DEFERRED CREDITS</b>	\$	\$
	<b>TOTAL LIABILITIES</b>	\$ 5,306	\$12,385.61
	<b>CAPITAL ACCOUNTS</b>		
201	Common Stock Issued	\$ 90,000	\$ 90,000
211	Paid in Capital in Excess of Par Value	13,200	22,800
215	Retained Earnings	< 62,688 >	< 110,514 >
218	Proprietary Capital (Sole Props and Partnerships)		
	<b>TOTAL CAPITAL</b>	\$ 102,932	\$ 96,286
	<b>TOTAL LIABILITIES AND CAPITAL</b>	\$ 108,238	\$108,672

COMPANY NAME LAKE VERDE WATER CO., INC.

**COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 17,009	\$ 14,895
460	Unmetered Water Revenue		
474	Other Water Revenues		
	<b>TOTAL REVENUES</b>	\$ 17,009	\$ 14,895
	<b>OPERATING EXPENSES</b>		
601	Salaries and Wages	\$	\$ 12,646
610	Purchased Water		
615	Purchased Power	1288.00	1,499
618	Chemicals	1785	1,230
620	Repairs and Maintenance	673	3,896
621	Office Supplies and Expense	2841	3,160
630	Outside Services	130	7466
635	Water Testing	550	1230
641	Rents		
650	Transportation Expenses	8172	9691
657	Insurance - General Liability	1622	2133
659	Insurance - Health and Life		
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense		1469
403	Depreciation Expense	2625	5286
408	Taxes Other Than Income	2605	2130
408.11	Property Taxes	924	1260
409	Income Tax		
	<b>TOTAL OPERATING EXPENSES</b>	\$ 23,215	\$ 62,971
	<b>OPERATING INCOME/(LOSS)</b>	\$	\$
	<b>OTHER INCOME/(EXPENSE)</b>		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		
	<b>TOTAL OTHER INCOME/(EXPENSE)</b>	\$	\$
	<b>NET INCOME/(LOSS)</b>	\$ 6,206	\$ 48,096



COMPANY NAME LAKE VERDE WATER CO. INC.

**SUPPLEMENTAL FINANCIAL DATA**  
Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	2004	2004		
Source of Loan	VAN MCD	K. SKOCH	IN LOE OF JALPINS	
ACC Decision No.				
Reason for Loan	OP. EXP	OP. EXP		
Dollar Amount Issued	\$ 6400	\$ 2768 <sup>74</sup>	\$ 12,646	\$
Amount Outstanding	\$ 6400	\$ 2768 <sup>74</sup>	\$ 12,646	\$
Date of Maturity	NA	NA	NA	
Interest Rate	10 <sup>9</sup> / <sub>2</sub> %	10 <sup>9</sup> / <sub>2</sub> %	10 <sup>9</sup> / <sub>2</sub> %	%
Current Year Interest	\$ 640	\$ 277	WE AS \$ SALE	\$
Current Year Principle	\$ 6400	\$ 2768 <sup>74</sup>	\$ 12,646	\$

Meter Deposit Balance at Test Year End

\$ NONE

Meter Deposits Refunded During the Test Year

\$ NONE

COMPANY NAME: LAKE VERDE WATER CO., INC

**WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2004**

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY	61		
FEBRUARY	60		
MARCH	60		
APRIL	61		
MAY	61		
JUNE	60		
JULY	60		
AUGUST	59		
SEPTEMBER	58		
OCTOBER	58		
NOVEMBER	57		
DECEMBER	57		
TOTAL		4,006,800	4,403,911

4 LINE BREAKS this yr.

4,404

Is the Water Utility located in an ADWR Active Management Area (AMA)?

( ) Yes (X) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

( ) Yes (X) No

If yes, provide the GPCPD amount: \_\_\_\_\_

What is the level of arsenic for each well on your system. 0.017 mg/l

(If more than one well, please list each separately.)

TWO WELLS, BOTH SAME ARSENIC LEVEL.

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME LAKE VERDE W. CO. INC YEAR ENDING 12/31/2004

**PROPERTY TAXES**

Amount of actual property taxes paid during Calendar Year 2004 was: \$ NONE

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. CPA, MR. MORFORD, HAD ALL OUR  
RECORDS & EITHER DIED OR BECAME TOTALLY INCOMPETENT  
(HE WAS QUITE ILL), PERIOD OF TIME WE SPENT  
TRYING TO GET OUR RECORDS AND TO MAKE CONTACT  
WAS NOT PRODUCTIVE. PARTNER DIED.

COMPANY NAME LAKE VERDE WATER CO. INC YEAR ENDING 12/31/2004

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported

Estimated or Actual Federal Tax Liability

EST. LOSS = \$48,096

State Taxable Income Reported

Estimated or Actual State Tax Liability

EST. LOSS \$48,096

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances

Amount of Gross-Up Tax Collected

Total Grossed-Up Contributions/Advances

NONE

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

**CERTIFICATION**

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

Vance L. McDonald  
SIGNATURE

12 FEB 07  
DATE

VANCE L. McDONALD  
PRINTED NAME

PRES.  
TITLE

RECEIVED

FEB 12 2007

AZ CORPORATION COMMISSION  
DIRECTOR OF UTILITIES

**VERIFICATION  
AND  
SWORN STATEMENT  
Intrastate Revenues Only**

**VERIFICATION**STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	<u>YAVAPAI</u>
NAME (OWNER OR OFFICIAL) TITLE	<u>VANCE L. McDONALD, PRES.</u>
COMPANY NAME	<u>LAKE VERDE WATER CO. INC</u>

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2004</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2003 WAS:

Arizona Intrastate Gross Operating Revenues Only (3)

\$ 14,875

(THE AMOUNT IN BOX ABOVE  
INCLUDES \$ 937  
IN SALES TAXES BILLED, OR COLLECTED)

\*\*REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

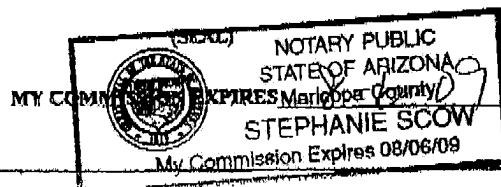
THIS

12

DAY OF

Vance L. McDonald  
SIGNATURE OF OWNER OR OFFICIAL  
928-567-9141  
TELEPHONE NUMBER

COUNTY NAME	<u>maricopa</u>
MONTH	<u>February</u> <u>2007</u>



Stephanie Scow  
SIGNATURE OF NOTARY PUBLIC